

AMERICAN MANAGEMENT ASSOCIATION  
BOARD OF DIRECTORS

*The*

# MANAGEMENT REVIEW

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By GEORGE FILIPETTI.

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# *The* **MANAGEMENT REVIEW**

*January, 1931*

## **Instalment Buying and Business Depressions**

*By GEORGE FILIPETTI, Professor of Economics and Business Administration,  
University of Minnesota*

### **Past Fears of Instalment Credit**

**F**OR several years preceding the present business depression the widespread use of the instalment method of buying was looked at askance by bankers and many classes of business men. They were fearful of the effects that would follow when considerable numbers of instalment buyers were thrown out of employment or their wages were reduced. Probably few were particularly interested in the individual purchasers as such. Interest arose from the fear that dealers and finance companies would be called upon to repossess goods because of failure of the buyers to meet their obligations. Such action, it was felt, would result in the repossessions being dumped upon a depressed market already glutted with undigested goods, thus making a bad price situation worse. It was also feared that the forced dumping of goods, together with slow collections, would result in jeopardizing the loans made by banks to finance companies, dealers and producers, to facilitate the extension of relatively long term consumer credit.

### **Present Sanction**

Now that the acid test is being given to the system of instalment selling, surprise is expressed that these forebodings seem to have been unjustified. Few persons raise the question as to why the dire events have not come to pass. The pendulum now swings in the other direction, and we are told that "the twelve months that have elapsed since the current business depres-

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sion reached an acute stage have demonstrated that the instalment selling system does not constitute a weak spot in the American business structure, according to bankers who have studied recent reports of instalment financing companies."<sup>1</sup>

### Some Facts on the Matter of Instalment Credit

The present approbation has little more justification than the former condemnation. Several years before the present depression, it was pointed out that there was nothing to fear from widespread repossessions and failures of consumers to meet their instalments. A very able analysis of instalment sales in the highly depressed anthracite coal areas in 1925-1926 disclosed that the consumer, in one way or another, manages to pay.<sup>2</sup> That study definitely forecast what would happen to instalment payments in a period of nation-wide depression.

What is the explanation of this apparently inexplicable condition in which we find people, when employed, buying on instalment? It has generally been assumed that they do so because they cannot purchase for cash, and yet, in periods of depression, most of them continue to make their periodic payments. There are several factors which throw light upon this phenomenon. In periods of business depression not all people are thrown out of employment. Just what percentage of the regularly employed lose their jobs has not been determined, but whether it be ten or twenty per cent, the following facts should be noted:

1. Of the total percentage of unemployed, only a part have purchased goods on instalment. Putting it another way, of the total number of consumers who have purchased upon instalment, only a small percentage lose their jobs.
2. In many families in which goods are purchased on instalment there are two or more wage earners. In such cases, if one is thrown out of employment part of the family income still continues.
3. Families which purchase on instalment are not always anticipating future income. It is doubtful whether many of them are buying without carefully weighing the obligations incurred. Many have accumulated values, assets in one form or another, which they prefer to hold intact. There are others who could pay cash but prefer not to because by making small, periodic payments, they will "feel it less." This probably plays a much larger part in instalment purchases than has been generally recognized. Hence, in this group, we find people who can and do draw upon these resources in periods of depression in order to maintain their payments.

<sup>1</sup>New York Times, November 23, 1930.

<sup>2</sup>Ralph Roby's study presented in Vol. II, of E. R. A. Seligman's "Economics of Instalment Selling," p. 521-607.



4. There are agencies engaged in personal finance which provide funds to consumers and thus enable them to save their equities in instalment purchases. They are organized to make loans, assume risks and collect accounts in ways which are undeveloped among retailers and finance companies. When the seller refuses to carry the account, the buyer may have recourse to these agencies.

### Some Facts Apparently Overlooked at the Present

The above which is substantiated by investigations in the field of consumer credit, explain why the fears of the dire results of instalment purchases have not been realized. Then why is it incorrect to assume that in the light of the present experience, instalment credit should be given full social approbation? The fact is that complications probably have developed in the present depression, but they are not quite so visible and measurable as they would have been had they taken the form of widespread repossessions and violations of contracts. These complications have still to be studied in a statistical way. They are the outgrowth of the fact that many of those who have obligated themselves to make payments find the payments burdensome in periods of depression. The goods purchased are paid for out of reduced family income, out of accumulated savings, or by going into debt. Funds used in this way cannot be used for other purposes. They are being employed to pay for past purchases and not for present requirements. Immediate needs and desires are being foregone and current buying is deferred. Things must be made to last longer, savings must be restored, loans must be paid. Hence we have a series of factors tending to *extend the period of depression* and to prolong the period of revival. Many instalment sellers will refuse to extend such credit as liberally as they did in the period of prosperity, thus further restricting the previous rate of flow of goods. *These are the complications at present being overlooked* since attention has been directed to the small losses and low percentage of repossessions.

### The Need of Reversing the Procedure in Credit Extension

In many ways the consumption credit is permeated by an unfortunate psychology. Both the giver and the receiver of such credit are responsible. The psychology of prosperity paints a roseate-colored future, a picture which results in the consumer reaching out to obtain more and more goods to satisfy his desires. The same picture results in the producer and the distributor reaching out to obtain more and more sales. Sometimes they confuse increasing sales with increasing profits. At other times the full results of the increasing sales are not immediately visible and it *seems* reasonable to conclude that they foretell increased profits. The psychology of optimism which prevails, therefore, results in an increase of the consumer's desire for purchasing power and the business man's willingness to extend it. The pessi-

mism of depression has just the opposite effect, yet from the point of view of developing sales and increasing production, the depression period should be one in which effort should be directed toward effecting instalment and open-book sales. From a purely credit point of view, a good risk in prosperity is pretty much the same person in depression, except that at the height of prosperity a percentage of such risks is about to lose jobs while in periods of unemployment it is about to obtain them. The percentage of instalment sales which result in repossessions is small; the recent study of retail credit under the direction of the United States Department of Commerce disclosed that open book credit losses are a fractional part of one per cent of the total sales. These facts indicate that the great masses of buyers are honest or that the credit selection and collection functions are very effectively performed. Probably both things are true. *Under the circumstances, therefore, the extension of consumer credit during periods of depression will mean chiefly a delay in the conversion of receivables into cash, since the buyers pay their bills. Expansion in depression and contraction in periods of prosperity would seem to be the desirable procedure.*

## Kroger's New Calendar

Another large concern, the Kroger Grocery & Baking Company, has been added to the list of those that have decided to adopt a thirteen-month calendar for purposes of accounting. The company explains that the new methods will enable it to make much more accurate sales comparisons than heretofore. The present calendar method of reckoning means inclusion of extra Saturdays in certain months. This irregularity deprives the results of all significance since in some cases Saturday sales constitute about 30 per cent of those for an entire week. The company also emphasizes the advantages accruing from elimination of split payrolls and the fact that a more accurate system of cost accounting will be made possible by the innovation.

Universal adoption of a thirteen-month calendar would mean elimination of the irregularities that occur through the varying incidence of holidays. So long as the calendar reform is limited to individual concerns, such external disturbances will continue to be felt even by the companies that have adopted a more rational system of measuring the passage of time. However, the obstacles in the way of any general change are many and serious and the necessity for a reform is not pressing for many firms. The voluntary change to a thirteen-month calendar has the double advantage of being introduced where most needed and under conditions that do not arouse social or religious prejudices against innovations that affect traditional observances.—*Journal of Commerce*, Dec. 16, 1930.

## THE MANAGEMENT INDEX

### Abstracts and News Items

#### GENERAL MANAGEMENT

##### Make Yourself Liked in Business

The following catalog of cooperativeness is suggested by the president of the Allis-Chalmers Manufacturing Company:

1. Be open-minded toward suggestions.
2. Meddling is the sand-in-the-bearings that causes friction.
3. Interest in the problems of others insures their interest in yours.
4. When layoffs loom, the grouch has few defenders.
5. Knowing when to stop arguing argues a tactful disposition.
6. To see the thing as others see it means a good business eyesight.
7. Pettiness is the vice of little minds—they stress their picayune importance.
8. Sincerity is the soundest currency of all business practice. The "Yes" man is a drug on the market.
9. Give credit when due. It will establish your own credit.
10. Play absolutely square. You will enjoy the game more—and earn the respect of the other players. By General Otto H. Falk. *System*, December, 1930, p. 467:3.

##### What Business Men Can Do— Right Now!

1. In production: Get full dollar-value per unit of equipment; get more labor-value per employee; avoid duplication of activities; prepare now for competition later; check *production costs*.
2. In research: Study their line; improve their product; study customers' wants; study the opportunities and limitations of their market.
3. In finance: Take advantage

of present abundant credit resources; arrange for sound long-time borrowing.- 4. In merchandising: Stop selling at a loss; keep adequate stocks on hand; maintain standards based on consumer needs; check and double-check their *distribution costs*.
- 5. In purchasing: Make advance purchases of raw materials; take advantage of present prices to buy needed machinery; purchase for stock and for future manufacture.
- 6. In office procedure: Simplify all routine; avoid duplication; keep their clerks busy; check production by operating standards.
- 7. In labor: Maintain wage levels; stagger employment for part-time work; stabilize production programs. By Charles H. Hatch. *System*, November, 1930, p. 375:4.

##### When Prosperity Backfires

The reason for the continued depression of the past year was the fact that the American business man out-smarted himself. Mr. Cheney declares that the depression of 1929 resulted because we learned what to do in 1920 and did it too well. He offers these rules by which future depressions may be avoided:

1. Gear production closer to demand—learn the method now—and keep it up always.
2. Increase the efficiency of the organization, cut out all unnecessary overhead, keep the best workers, all of them, even if their pay is highest. Keep as large a force as you will need later and save the cost of hiring and training. Cut hours, if necessary, and keep them cut, if necessary.
3. Get rid of all selling



frills. 4. Stop bribery. 5. Cut distribution costs and keep them cut. 6. Don't set up impossible and ever increasing quotas. 7. Make a fair profit on every order you get. 8. Eliminate wasteful trade practices. 9. Study your business continuously. 10. Keep your dealers by giving them a square deal. 11. Keep your customers by maintaining quality, and give them more real value for their money than your competitors. 12. Get together with the other fellows in your line and commiserate with each other; weep yourself dry—and then do something about it. By O. H. Cheney. *Nation's Business*, November, 1930, p. 15:5.

#### An Outline of Management

Five bank management essentials are: 1. Give first attention to developing an efficient and loyal organization. 2. Make promotions from the ranks. 3. Keep definite and clearly defined rules before employees. 4. Arrange periodical independent audits. 5. Have separate committees on discount, real estate, and collateral loans. By F. H. Houghton. *The Bankers Monthly*, October, 1930, p. 15:2.

#### American Management in Europe

A description of the progress of management in Europe noted during three years and a half spent in installing American methods in nine countries. The introduction of new management into these plants has almost invariably brought about better working conditions, higher wages and steadier employment. By Wallace Clark. *Mechanical Engineering*, December, 1930, p. 1051:8.

#### Business Crises of Past 75 Years and What They Reveal

The era of exploitation of natural resources is past.

The period of intensive cultivation of consumption has been entered.

The supposedly magic formula of making more and more goods with fewer and fewer employees has shown its limitations.

Economies in manufacturing must be found that do not hinge on increased output.

New products must be developed to provide work for the technologically unemployed.

The achievement of both of these ends will be accelerated by technical and market research. By Gilbert L. Lacher. *The Iron Age*, November 20, 1930, p. 1470:4.

#### Protect Your Name

In order to protect the use of his name by so-called charitable organizations, a business man should make sure of these basic points before he permits its use: 1. Purposes and plans of the organization, 2. Their money-raising methods, 3. Just how they intend to use his name, 4. Will they inform him of (a) Changes of policy in aims and money-raising? (b) The plan of any money-raising campaign? (c) The progress of the organization at regular intervals? 5. Their standing as recorded by the Bureau of Advice and Information of the Charity Organization Society. *Greater New York*, November 19, 1930, p. 12.

#### The End of the Retreat?

In previous major depressions a level of 20 per cent to 25 per cent under estimated "normal" for the time was the bed-rock below which the recession of business did not go. Is this level a statistical accident or a real resistance point?

Drastic business recession ultimately encounters the resistance of the purchases of consumers who utilize their resources to protect their standards of living; this resistance sets a limit to the business depression and substitutes stability for decline; stability of trade results in new orders for goods and increased manufacturing activity. In this way, deep depression breeds revival; revival breeds prosperity.

Business has now been very deeply depressed for nearly six months. The statistical records of similar depressions in the past, with economic backgrounds similar to the present, indicate that recovery is in



prospect and should be in progress by spring. An examination of the economic forces which are being brought into action by an extremely low level of produc-

tion indicates, also, the near prospect of the stabilization and recovery of business. By Warren M. Persons. *Barron's*, November 24th, page 3:2.

## FINANCIAL MANAGEMENT

### Investment Worth of Common Stocks

Is there a rational basis upon which prices of common stock can be predicated? The authors of this article believe there is. All that is required is the application of time-honored and immutable investment principles and objectives to common stocks which deserve investment consideration. A proper appraisal of all stock values is a long way off.

The method of appraisal outlined is based on an empirical study of the income history of common stocks of investment standing. Illustrative cases are given, and emphasis is laid on the need of combining statistical methods with common sense. By David Stock and W. W. Hay. *Barron's*, December 5th, 1930, p. 3:2.

### Standard Costs in the Factory of the Painesville Pie Plate Company

To dramatize a lesson is often the one best way to teach it. This playlet simplifies the presentation of the advantages of the standard cost plan. Once the management can be made to see the basic idea of standard costs, the mechanics of developing these costs are quite another problem to be solved by competent cost men. Frequently, however, the first step is by far the hardest. In this little playlet one sees how a cost accountant was able to sell his management and how he used the plan after it was installed. *N. A. C. A. Bulletin*, October 15th, 1930. Section 11, p. 13:10.

### Control Expenses

A quickening of the tendency among bankers to adopt a cost system will come as they learn how simple it may be made, how little it costs to install and operate and how amazing are the results in reveal-

ing inefficiencies, in giving control of expenses and in increasing profits. The author of this article explains in great detail a central system whereby the banker can have a clear picture of expenses and a control over operations not otherwise obtainable. Illustrative forms accompany the text. By R. C. Huelsman. *The Burroughs Clearing House*, October, 1930, p. 26:5.

### The Administration of Standards and Their Flow Through the Various Accounts

By Goldsborough Robinson. *N. A. C. A. Bulletin*, November 15, 1930, Section 1, p. 485:15.

### The Facts in Bank Management

This is the first of a series of articles, by Mr. Driscoll in which the fundamental requirements of a successful bank are presented. Succeeding articles will discuss the factors that reduce profits; the sources of earnings; interest paid on deposits; commercial and other departmental operations; and the facts of management, including individual banks and group banks. By John J. Driscoll, Jr. *The Burroughs Clearing House*, November, 1930, p. 10:3.

### Bank Cost Accounting

The expense of establishing any elaborate cost system in banks is in most instances a deterrent to the establishment of any system at all. As a practical proposition, therefore, systems of cost allocation and cost analysis should be put on a basis which is most economical and at the same time most practical. A comprehensive sys-

tem is discussed in this article. Proper classification of direct expenses; proper budgeting of expenses; the proper allocation of direct expenses; and the proper proportioning of general overhead are topics which are covered. By William Widmayer. *N. A. C. A. Bulletin*, November 15th, 1930, Section 11, p. 500:5.

#### Why Bother With A Cost System?

The conclusions reached in this article relative to the desirability of maintaining a cost system are as follows:

It is false economy to be without a cost system.

The policies of a company can not be determined simply on the basis of personal opinions or hunches but must be based upon facts produced within the organization.

A cost system is an indispensable guide to greater profits.

While a cost system cannot control the price which is received for one product it can tell conclusively what business to take and what not to take, as well as point out definitely the lowest price which one can afford to quote in close competition for a certain class of product.

The cost of operating a system is only a small fraction of the return to the business in increased efficiency and profits. By H. S. Bartholomew. *The Steel Founder*, October, 1930, page 11.

#### The Analysis and Control of Distribution Costs

Some excellent suggestions are presented concerning the handling of periodical profit and loss statements, so that proper charges for distribution expenses will be included therein. By William B. Castenholz. *N. A. C. A. Bulletin*, October 15, 1930, Section 1, p. 277:12.

#### Financial Statement, Policeman!

The chief duty of the old type of credit man was to prevent loss by singling out good and safe customers, or to pay heed to a weakening condition in a formerly sound risk and "get out while the get-

ting is good." Shylock seems to be the prototype of these earlier ones. Little consideration was given to the life of the subject. Financial statements, once accepted as measures of soundness became almost the sole hurdle of the debtor. Credit now veered toward a too great reliance on figure fact analysis. Statements and their analyses became the policemen that were on guard over the credit condition of innumerable industries. Such a complete dehumanization in the analysis of the risk was probably as bad credit as the former hunch method. By Alexander Wall, *Credit Monthly*, October 1930, p. 13:2.

#### Depreciation: What It Is and How It Is Computed

An interesting suggestion is made in this article that we solve the depreciation bugaboo by ignoring it. The author says that there is no such thing as depreciation—that property value is always present in some form or another, and that these changes can be treated by mere bookkeeping adjustment. The article tells how. By Louis Benedict. *N. A. C. A. Bulletin*, October 15, 1930, Section 11, p. 306:9.

#### The Future of Labor Banking

While it may be too early to pass judgment on the merits of labor banking as it is carried on in Germany, nevertheless it is reasonable to expect that a continuation of the banking policy of the past few years combined with the broad economic and political philosophy of the German trade unions will lead to far greater realization of financial power than will labor banking in the United States under the present conditions.

American labor does not necessarily have to adopt the German labor program. Astute labor leaders in this country, however, could well afford to examine closely the German situation and methods. It is quite possible that from such a study will evolve a labor policy and a labor movement that will place labor banking in this country in a position of promi-

nence which it cannot now hope to attain. By William A. Carter, *Barron's*, November 3, 1930, p. 11.

### Some Features of S. F. S. A. Uniform Accounting and Cost Plan

The following features of the Uniform Accounting and Cost Plan adopted by the Steel Founders' Society of America are emphasized: The departmentalization of foundry burden; the distribution of fixed charges to departments; the separation of

selling and administrative expense from foundry burden; the elimination of the use of average tonnage costs insofar as possible; and the introduction of a system of controls which serves a double purpose; first, to prove the accuracy of costs and estimates, and second, to make possible the development of a series of monthly budget statements helpful to management in operating on the most economical basis. By H. S. Bartholomew. *The Steel Founder*, November, 1930, p. 9:3.

## Insurance

### Analysis of Casualty Insurance Transaction

Besides the three conditions necessary to all legal contracts there are two that apply only to the agreement between the insurance company and the policyholder. There must be an insurable interest and in order to collect from the carrier a loss must be suffered. Specific legal requirements differ greatly for various types of insurance, in the case of workmen's compensation most states have passed legislation which places the insurance company in the position of a trust for the injured third party while forms of public liability and property damage policies are not covered by any special restrictions.

The four elements of the transaction are the application, binder, policy and endorsement. The application is simply a request addressed to the carrier in a letter or on a special form or verbally stating the kind and amount of insurance desired and full description of the subject matter of the insurance with all material facts concerning the risk. In the casualty field the formal application has disappeared almost entirely except in the case of accident and disability insurance and certain extra-hazardous risks. Insurance does not become effective until the carrier has received the application, accepted the risk and issued a binder which is virtually a temporary policy subject to all the terms and conditions of the policy which it pre-

cedes. Any additional or restricted coverage must be stated in the binder, the exact date and hour that the coverage begins is indicated as well as the time of expiration, usually fifteen or thirty days. A binder may be oral if given by an authorized representative of the carrier and have the same force as one in writing unless the statutes of the state specifically forbid its use. The binder may be cancelled by the insurance company on a three day notice to the applicant.

As soon as the policy or formal statement of the insurance contract is accepted, the binder automatically becomes void. The casualty policy binds the carrier to assume the legal liability of the policyholder and make such payments as are legally required without first calling upon the insured to pay the amount. The warranties contained in the policy are plain statements of pertinent facts which neither party may deny and a misstatement of one warranty may void the entire contract. *The Weekly Underwriter and Insurance Press*, Oct. 18, 1930, p. 933:4.

### Group Insurance Against Bad Checks Is Proposed

Independent Retail Grocers of Baltimore, Inc., expect to put into effect a group insurance covering bad check losses. Losses up to \$200 may be covered at a cost of \$5 to members. *Journal of Commerce*, December 6, 1930.



### Racket Insurance in New York

Several British insurance companies have announced that they are ready to issue policies against sabotage and other forms of property damage by racketeers and radicals. Through investigation by representatives of the insurance company where property losses are reported it is believed that many blackmail demands would be uncovered that otherwise might remain unknown. The first racketeering policy was issued recently to an electrical concern engaged in city work. This company reported that a supposed gangster telephoned one of the officials and threatened to damage wiring on a city contract if extortion demands were not met. Insurance was taken out and now the company can disregard such demands without any risk of financial loss. *New York Times*, November 30, 1930.

### Unemployment Insurance Fallacies

The Deputy Attorney-General of New York State, Mr. J. C. H. Flynn, has done the public a great service by setting forth succinctly and with authority the reasons why unemployment insurance is ruinous to employer and employee alike. The most persuasive advocate of this form of insurance is the man who takes the position that it is possible to establish systems of insurance against unemployment upon a sound actuarial basis. When Governor Roosevelt, for example, advocates compulsory unemployment insurance for this State he takes care to qualify his advocacy by stating that such a system must be based upon sound actuarial principles.

The rank and file of those who are calling for this form of insurance know little and care less about the limitations that would be imposed in practice by the qualifications suggested by the Governor. Mr. Flynn, however, not only understands these limitations but he realizes that once this State has adopted any sort of insurance against unemployment the barriers against its extension into fields where actuarial soundness gives way to charitable

relief masquerading as insurance would be overthrown. That has been the experience of every country that has tried the system and we should be no exception to the rule.

There are only three kinds of unemployment which in the opinion of Mr. Flynn lend themselves to the writing of insurance on a sound basis. They are those resulting from (1) overproduction; (2) seasonal inactivity in particular industries and (3) business depression and financial stringency. Even then, Mr. Flynn says, the coverage can only be for a short period. Extended idleness wipes out the fund and charity must thereafter be relied upon to bring relief. As soon as any plan went into effect, furthermore, there would be demands for increased benefits, decreased restrictions and all sorts of rules regarding maintenance of wage standards by the insured industries, etc. The result would be social, political and economic unrest that would be well-nigh ruinous to employer and employee alike. All the facts of experience confirm this authoritative view of the matter. *Journal of Commerce*, December 2, 1930.

### Unemployment Insurance Affects Only Half of One Per Cent of Workers

An analysis of existing organized plan of unemployment relief in the form of out-of-work benefit payments or of guaranteed employment insurance systems established in foreign countries, has been undertaken by the Industrial Relations Counselors, Inc. The figures reveal that the movement is very limited in this country. However, the results thus far achieved under these voluntary plans represent to date the only concrete, systematic approach to dealing with the problem. The basic problem is that of procuring sufficient funds for compensation and of keeping these funds solvent in times of depression, when they are most needed and when the greatest demands are made on them.

Trade-union effort to cope with unemployment not only was the first step in the United States toward the establishment of



some sort of unemployment relief, but constituted the only phase of the development of unemployment cash benefits until the European war period. Of the 13 international unions which have operated unemployment benefit plans on a national or international scale, only four have survived. *United States Daily*, Dec. 16, 1930.

#### **General Electric Expedites Unemployment Insurance**

Every employee of the General Electric Co. from president to office boy, who is working 50 per cent or more full time, will contribute 1 per cent of his December wage to the company's unemployment fund. The company will match such contributions

dollar for dollar, it is announced by President Gerard Swope.

Under the original rules of the plan, payments were not to be made for at least six months after its inauguration, which would not be until next January or February. Because of the unemployment emergency it was decided to start relief next month but to limit payments to a maximum of \$15 per week. It has also been decided to consider for assistance employees who may not have contributed to the plan but who need assistance.

Approximately 35,000 employees have been contributing and on December 1st they will have paid in \$350,000. *Steel*, November 27, 1930, p. 24:1.

## **OFFICE MANAGEMENT**

### **Administration: Regulations, Supplies, Communications**

#### **Cutting the Cost of Payroll Routine**

One company with a payroll of 1500 has reduced the whole process of payroll handling to less than half the time it formerly required, by the use of an addressing machine, sufficient stencils to take care of its payroll needs and a check perforating machine. Three operations are performed: the first, by the use of the addressing machine, imprints the name, date and amount of each check; the second adds the officers' signatures by means of a single stencil prepared by the use of a stylus plate and a ball-bearing pen; the third is the perforation of the checks by the super-speed perforator, four checks at

a time. The total cost of the equipment was met within a year by the elimination of an extra clerk. *System*, Nov. 1930, p. 395:1.

#### **Eliminating Office Wastes**

Ways of preventing waste time are: see that employees are happy in their work, and not drifting into bad habits, see that proper training is done, use incentives, be sure that the planning and routing of work is economical, be sure that job analysis has revealed the proper job specifications and that the department managers are alert in devising short cuts. Discussion by Charles Harrison and others. *Proceedings of the N. O. M. A. Eleventh Annual Conference*, June 5, 6, 7, 1930.

### **Organization: Job Analysis, Employment, Pay, Tests**

#### **Our White Collar Army**

A recent survey by the Industrial Management Division of Ohio State University College of Commerce, reveals some of the reasons the white collar worker, hereto-

fore regarded as an unproductive unit is now considered as really indispensable to any company: the increased amount of "paper work" required for better production control and reduction in costs, as competition became keener; the merger move-

ment, calling for the direction of widely scattered plants and offices from a central headquarters; the growth of service industries such as credit and finance houses, insurance companies, advertising concerns, research agencies, government bureaus, etc. Organizing the clerical staff and servicing the different departments are the two

great managerial problems confronting the executive in charge of our offices. Planning, scheduling, standardizing, bonus payment and reducing duplication in forms and reports should receive his serious consideration. By Tracy E. Thompson. *The Office Economist*, November-December, 1930, p. 7:2.

### Records: Forms, Charts, Cards, Files, Statistics

#### Budgetary Control

A budget should give a properly balanced working plan, should promote teamwork of the whole organization and should be helpful to the management in drafting future plans. A premium should be placed on the ingenuity of the manager to handle his work at the minimum of cost. The task should be possible but difficult and rewarded according to performance. A budget is particularly useful in keeping payroll costs in line. Including the cost of equipment in the departmental budgets will help to stimulate simplification of work. Discussion by Cooke Lewis and others. *Proceedings of the N. O. M. A. Eleventh Annual Conference*, June 5, 6, 7, 1930.

#### Control of Printed Forms

Items particularly important in the control of printing at the R. C. A. Victor Company are: 1. Centralizing of ordering, stocking, and approving of office forms; 2. Purpose of and necessity for each form; 3. Clerical effort; 4. Arrangement and size; 5. Paper stock; 6. Stockkeeping, issuing, and reordering; 7. Elimination of inactive or obsolete forms; 8. Charges for forms. Discussion by R. W. Wythes. *Proceedings of the N. O. M. A. Eleventh Annual Conference*, June 5, 6, 7, 1930.

#### Shall I Purchase That Machine?

Application of the process chart to office methods, with a view to eliminating unnecessary work, and therefore lessening the need for expensive machinery. When it appears desirable to purchase a mechanical device, these points should be

considered: What—is to be done? How—is the work to be performed? Who—is to do the work? Where—is the work to be done? When—is the work to be done? Why—should the work be done? Is it necessary to do the work? Can it be simplified? Is there a better way? Available machines: 1. Will the machine do the work? 2. What is its speed compared with that of other machines in its class? 3. Simplicity of operation. 4. Wearing qualities. 5. Mechanical service offered by the manufacturer. 6. Cost and maintenance of machine. 7. The difficulty of selecting, training and payment of operators. 8. Ask for demonstration. Use the same material on each machine when making a test.

Advantages of centralization and training are stressed. By John Mitchell. *Proceedings of the N. O. M. A. Eleventh Annual Conference*, June 5, 6, 7, 1930.

#### Why We Use a "Blind" Sales Quota

A detailed description of the plan of the Penn Mutual Life Insurance Company, illustrated by charts and tables.

There are just two things to remember: keep your records in a fashion such that you can carry them forward by the running year, and thus completely eliminate the seasonal variations and reveal the trends; then translate those running year records, as they relate to individuals, into percentages of the corresponding totals. After that, you may be surprised to find what can be done with them. By J. E. G. Bryant. *System*, December, 1930, p. 472:3.

**Space: Location, Equipment, Arrangement****Measuring Cost of Noise in the Office**

A description of tests made at the Aetna Life Insurance Company from the results of which it was apparent that great benefits come from proper treatment of all rooms for the reduction of noise. Records kept show that output increased and errors decreased. The chief gain is from eliminating or reducing the distraction caused by unusual noises, such as loud talking and sharp sounds from the street. Sound absorption treatment allows machines to be placed conveniently instead of having to

be grouped in some remote location. During the period that this acoustical treatment was effective, compared with the corresponding period before, there was a reduction of 47 per cent in labor turnover and 37½ per cent in days lost in the departments where the experiments were carried on. During the same period the record covering all home office employees shows a reduction of 20 per cent in turnover and 22 per cent in days lost. By P. B. Griswold. *Proceedings of the N. O. M. A. Eleventh Annual Conference*, June 5, 6, 7, 1930.

**Benefit Systems and Incentives: Pensions, Profit Sharing, Suggestions, Vacations, Stock Ownership****Measuring Clerical Production**

It is necessary to simplify and correct existing procedure before measuring output. At the Dennison Manufacturing Company two office incentive plans are in operation: one for routine clerical jobs and the other for jobs not so routine. Advantages gained from a scientific analysis of office work, establishment of standards accompanied by an incentive scheme are: higher earnings by employees, lower unit costs of work, simplification of supervisory problem. The difficulty of maintaining quality is partially overcome by adding a special error reduction bonus. Much of the saving is made from elimination of wasted time. It is a mistake to look for too quick results. Often a year will pass before ultimate savings on a job are even approximated. By A. C. Farrell. *Pro-*

*ceedings of the N. O. M. A. Eleventh Annual Conference*, June 5, 6, 7, 1930.

**A. T. & T. Employees Given Time on Stock Payments**

In order to assist employees whose families have been affected by the present unemployment situation, the American Telephone & Telegraph Co. has arranged to permit those of the 200,000 of its employees who have subscribed for its stock under the employee stock ownership plan to suspend payment temporarily.

Any employee who has had at least one monthly payroll reduction made for this stock is eligible under the terms of this new offer. Payments can be suspended for a period of six months, or until July, 1931. *Journal of Commerce*, December 16, 1930.

**Training and Education: Schools, Libraries, Employee Publications****The Training of Office Supervisors**

The vice president and comptroller of the Pennsylvania Railroad Company gives us qualifications of a supervisor: Obedience; Diligence; Loyalty; Integrity; Steadfastness; Dependableness; Adaptability; Diplomacy; Cooperation; Leadership; and says that following appointment new su-

pervisors should be carefully observed by their superiors and guided along the following lines: 1. To recognize facts as they exist; 2. To assume the individual responsibility of the position; 3. To conduct themselves at all times in such manner as to secure and retain the respect of everyone, especially those under them; 4. To



respect the opinions of subordinates and listen to their statements.

The supervisor must be thoroughly familiar, not only with that section assigned under his jurisdiction, but he should thoroughly know the complete job from inception to completion. Various devices for developing supervisors are used, such as: personnel reports on employees, supervisory conferences, preparation of budgets and a knowledge of cost statistics, the "roster" which is a monthly measure of time spent in group and individual functions, and a monthly report covering the condition of work. In the latter, supervisors are encouraged to incorporate items of interest, suggestions or any information regarding production of work. Supervisors receive a monthly bulletin informing them of the company's earnings,

items relating to the work of different departments, changes in personnel, etc. By F. J. Fell, Jr. *Proceedings of the N. O. M. A. Eleventh Annual Conference*, June 5, 6, 7, 1930.

#### Annual Meeting of the A.A.C.S.B.

The proceedings of the Annual Meeting of the American Association of Collegiate Schools of Business include "Cooperation Between the University and Business in Training and Placing the College Man" by W. J. Donald; "What Business Expects of Graduates of Schools of Business" by Col. R. I. Rees; "Graduate Courses in Business Administration" by Prof. H. T. Collings; and others. *Journal of Business of the University of Chicago*, Oct., 1930, 165 pages.

## PRODUCTION MANAGEMENT

### General: Promotion, Organization, Policy, Development

#### Credit Unions Loan Wage Earners \$60,000,000 in Year

Credit unions, a wage earners' bulwark against loan sharks, show a remarkable growth over the past five years. The number now in existence exceeds 974, compared with 284 in 1925. Total resources have increased from \$10,706,000 to more than \$24,000,000. The number of members has grown from 107,779, to 265,000. Loans made in 1929 amounted to \$60,000,000.

Only members of the credit unions are eligible for loans and portions of earnings must be regularly applied in establishing credit and in the repayment of loans. Low interest rates and security of principle are the chief attractions. *Steel*, November 27, 1930, p. 24:1.

#### Four Better Ways to Manage Men

Formal notice of appointments to committees;

Vacation plan reduces labor turnover;

Every employee rated every three months;

Mistake makers shown errors. *System*, Dec., 1930, p. 484:1.

#### U. G. I. Employees to Give Day's Pay to Unemployed

Co-operating with the City's Committee for Unemployment Relief, more than 12,000 employees of the United Gas Improvement Co. and subsidiary companies operating in Philadelphia and vicinity have been asked to contribute one day's pay each month for the next four months, according to a letter by John E. Zimmerman, U.G.I. president, sent to each employee.

Under Mr. Zimmerman's plan, the company and subsidiary companies, including Philadelphia Electric Co. and the Philadelphia Gas Works Co. will contribute a dollar for each dollar contributed by employees.

U.G.I. in addition to its own contribution, will make the contribution for the



Philadelphia Gas Works Co., operator of the city's gas works.

The fund, which Mr. Zimmerman believes will reach a very substantial amount, will be distributed through local charitable agencies selected by a committee appointed by him. *Journal of Commerce*, Nov. 28, 1930.

### Hose Industry Planning to Shut Down One Month

Propper-McCallum Hosiery Co. will shut down operations for one month starting

December 6. This is in line with the program of curtailment in the industry being fostered by the National Association of Hosiery and Underwear Manufacturers of which J. N. McCullough is managing director. Gotham Silk Hosiery Co. will also cease operations for the same period.

As a result of the shutdown Propper expects to close the year with an inventory about one-third of that of a year ago. Substantial benefit to the industry is likely as a result of co-operation among mills to clear up the surplus stocks. *Journal of Commerce*, Dec. 5, 1930.

### Industrial Economics: Labor and Capital, Legislation, Wage Theory, Immigration

#### Facing the Crisis: An Examination of Measures to Take

The house of Scintilla which manufactures the materials used in the automobile and aviation industries, is studying what measures it is best to take to reduce the cost of production in general. It has been forced to close some of its factories on Saturday mornings and Friday afternoons, and is desirous that no more drastic steps will need to be taken during the winter. An appeal made by the house to its employees urges them to send in suggestions on manufacturing improvements and reduction of production costs. Suggestions will be rewarded in proportion to their usefulness. *Journal des Association patronales suisses*, Nov. 1, 1930, p. 243:1.

#### Riotous Saving

The standard of living is higher in the United States than in any other country in the world. Is this the result of prohibition? Or tariffs? Or mergers? Or mass production? Or something else? Here is unlimited room for controversy. The one thing we all agree on is pride in our high standard of living.

If, in the future, we save more money when prices rise and spend more money when prices fall, we shall, in the long run, spend more and also save more. It is no

accident that wage earners in the United States have the largest per capita savings in the world and also the largest per capita expenditures.

Spending in proportion to producing, we do not lay waste our substance in Riotous Saving. By William Trufant Foster and Waddill Catchings. *The Atlantic Monthly*, Nov., 1930, p. 667:6.

#### The Enemy of Prosperity

Overproduction, particularly in this year of world-wide depression, is on every man's tongue. What precisely does it mean? The dilemma in its simplest terms is that the credit system has not kept step with the technical arts. We cannot buy back what we make. It all leads back to unlimited freedom of competition, a naive faith in the automatic benefits of *laissez faire*—eighteenth-century ideas, in the twentieth-century world of a billion horse power. The only final way out, in Mr. Chase's opinion, lies through planned production. We must scrap a large fraction of *laissez faire*, and deliberately orient productive capacity to consumption needs.

For America, industrial co-ordination must probably take the form of a drastic revision of the anti-trust laws; and alliance between industry, trade association,

and government to control investment (i.e., plant capacity) on the one hand, and to guard against unwarranted monopoly prices on the other; a universal system of minimum wages and guaranteed hours of labor to frighten off fly-by-night entrepreneurs and to stimulate purchasing power; and finally, and perhaps most important of all, the setting up of a National Industrial Planning Board as a fact-gatherer and in turn an adviser to Congress, President, industry, trade union, banker, state government, on every major economic undertaking in accordance with a master blueprint. By Stuart Chase, *Harper's*, Nov., 1930, p. 841:10.

#### Sources of Incomparability and Error in Employment—Unemployment Surveys

The essentials of an employment-unemployment survey may be summarized as follows: We need adequate employment classification of the enumerated persons, with particular emphasis on the necessity of keeping entirely distinct, if enumerated, any persons who have not been or no longer are usually employed for wages or salary. We need idleness rates based always on the proper totals, namely on the corresponding group of persons usually employed. We need either rigorous sampling preferably by households and never by units larger than blocks, or else complete enumeration of a continuous area. Any selection that is not rigorous sampling is not sampling at all, but is an aggregate which cannot be expected to be representative, and could not be proven representative even if by remote chance it should be so. By Margaret H. Hogg, *Journal of the American Statistical Association*, September, 1930, p. 284:11.

#### Progress in Wages and Living Standards of Labor

Industrial economists have come to accept the belief that the prosperity of our country largely depends upon the earning and buying power of our workers. If

this be so, it is important for the responsible men of industry to be in possession of the facts concerning the trend of wages and the standard of living.

The writer, who traces the changes in wages and living standards from 1855 to the present day in this article, emphasizes the fact that the World War brought about a new cooperation between the employer and the employed. This is significant of progress in the years to come. By Magnus W. Alexander. *The Iron Age*, Nov. 20, 1930, p. 1448:5.

#### Union Rates This Year Highest in History

Trade union wage rates in 1930 are higher than in any preceding year, the bureau of labor statistics, Washington, finds, basing its data on investigations made in May. Of 72 trades 47 show increases in average hourly rates compared with 1929, 24 show reductions, and one, no change.

The average rate in 1930 for all trades covered is \$1.25, compared with \$1.204 disclosed by the bureau's similar investigation in 1929. Average specified working hours per week are 43.9 in 1930; in 1929 they were 44.8. The building trades, in which the five-day week is rapidly displacing the 5½ day week, has the shortest average full-time working schedule, 41.9 hours, and teamsters and drivers the longest, 53.7 hours. *Steel*, Nov. 27, 1930, p. 24:1.

#### 6-Hour Day to Aid Employment

At Kellogg's (cereals) four six-hour shifts have replaced the three eight-hour shifts. This increases the number of employees by 25 per cent. The basic hourly wage rate is increased 12½ per cent. The minimum daily male wage is \$4 and the average daily wage about \$5.50. The plan was thoroughly discussed with foremen and many older employees and has been enthusiastically received. A Kellogg survey of the commodity market revealed that the American dollar has a 15 per cent greater

buying power this year than last. It is expected that the shorter working day will bring increased efficiency in operations of the employees. The company dining rooms will be open for an hour before and after each shift so that employees can have a good meal either before or after working. The advantages of this plan for twenty-four hour straight mechanical processes with high overhead are stressed. *Battle-Creek Moon-Journal*, Nov. 24, 1930.

#### Effects of Ford's Wage Policies Upon European Industrial Conditions

Mr. Mills believes the adoption of the Ford Motor Company's plan of paying the same basic wages relative to the cost of living in each of its foreign plants probably will give Ford interests, poten-

tially at least, the edge on local labor markets, attracting the best type of labor to work in these plants. It probably will not greatly affect local labor markets, as the number employed is not large enough to cause a general displacement of labor. Industrialists fear this wages-in-relation-to-the-cost-of-living policy as an additional weapon for trade unions. Further, the possibility of working out, with a degree of accuracy, comparative wage statistics that can be used practically in international business presents room for interesting speculation. By Charles M. Mills. *The Iron Age*, Nov. 27, 1930, p. 1600:2.

#### The Industrial Background of 1855

By Joseph W. Roe. *The Iron Age*, Nov. 20, 1930, p. 1441:7.

### Labor Relations: *Collective Bargaining, Employee Representation, Arbitration*

#### Cooperation Between Employers and Employees

The Growth of Unions; the Demand for Collective Bargaining; Success and Failure in Collective Bargaining; Employee Representation Plans; Criticisms of Employee Representation Plans; and Union-Management Cooperation are topics covered in this article. After a survey and discussion of all of the factors of the situation the conclusion is reached that wherever men are associated in carrying on

work there is every reason why it should be regarded as a joint project. Division of labor and specialization automatically establish an interdependence which calls for the closest and most intelligent cooperation. Even those who perform the most menial functions have been given a status insuring self-respect and encouraged to exercise their best judgment in the performance of their duties. The finest developments in human relations in industry have been founded on these principles. *Information Service*, October 4, 1930, 4 pages.

### Plant: *Location, Lighting, Heating, Ventilation*

#### Your Lighting Dollar

This is the third article of a series of six on lighting. It points out that wiring has not kept pace with advancing light standards; inadequate wiring is found in practically every factory. When additional illumination is required it is discovered that the wiring in the building is not heavy enough to carry the extra load and the system must be renewed at considerable ex-

pense. This condition is attributed in part to misinterpretation of the national electrical code, which is only a minimum standard of safety for wiring, designed to guard against fire hazard—not adequacy in supplying electric current to take care of the lighting load. By and large, industrial executives are coming to realize that better lighting is a vital factor in the management of the plant. It is of paramount



importance to give special attention to the wiring specification of a factory and to provide for the future electrical needs of the factory. By Roy A. Palmer. *Factory and Industrial Management*, Dec., 1930, p. 1162:3.

#### **White Guide-Lines for Factory and Warehouse Floors**

One of the most frequent obstructions to the necessary speedy access to all parts of the floor for both men and materials is material being so placed that it over-lies from its storage place into the gangway. The increasing number of factories

which have recently adopted white guide-lines for marking gangways, instead of guard rails, is an indication of their marked advantage. They assist in reducing the likelihood of accidents, and therefore of compensation claims, by operatives tripping over protruding material, especially in any part of the floor not brilliantly lighted. Even in works which have already been laid out on efficient lines and are kept in an orderly condition, the use of white lines is a great help in silently maintaining orderliness. *Industrial Welfare and Personnel Management*, November, 1930, p. 395:1.

#### **Employment: Classification, Selection, Tests, Turnover**

##### **Predicting the Scholastic Success of College Students**

The problem of this investigation was to determine how accurately the marks and length of attendance of college students can be predicted from certain data available when they enter college and also how accurately those for the last three years of college can be predicted from data available at the end of the freshman year.

It was found that there is a definite positive relationship between the lengths of time students remain in attendance in college and their intelligence test scores, their high-school averages, their vocational choices, and their freshman averages. The relationship is the closest in the case of freshman averages. There is also some relationship between persistence and father's occupation, but it is scarcely enough to justify using the latter as a basis of prediction. If a student is in the upper quarter or even the upper third of both intelligence test scores and high-school averages, it is very unlikely that he will be dropped from college, whereas if he is in the lower quarter or third of both, his chances of being dropped are fairly large, and the chances are at least eight or ten to one that he will not remain in college much, if any, longer than two years. If both freshman

average and intelligence test scores are high or low, the corresponding chances are much larger, indeed, almost double. *University of Illinois Bulletin*, September 30, 1930. 43 pages.

##### **How Reliable Is Your Judgment?**

In the study described in this article twenty judges—ten men and ten women—from various walks of life attempted to rank ten actors and ten actresses, well known as present day screen stars, according to their relative excellence. The only question for the judges to decide was, which among the ten is the best actor, which the second best, and so on to the tenth. The results of the study show that individual judgment is quite unreliable. That pride which most of us have in our judgment is sure to get a severe setback if it is put to a test. By J. B. Probst. *Public Personnel Studies*, August-September, 1930, p. 114:4.

##### **Basic Laws of Employment Relations**

1. Assigning to each worker the manual or mental operations which he is particularly adapted to perform, improves the quality and increases the quantity of output.

2. The highest individual productivity is possible only when the worker is given



the highest class of work for which his natural abilities fit him.

3. An adequate wage incentive for the accomplishment of a definite task influences a workman to maintain his maximum output.

4. The only wage of fundamental importance is the "real wage," or the amount of necessities, comforts, and luxuries which can be secured in return for the money paid to the worker; it is primarily in this sense that "wages" are referred to in basic economic laws.

5. Wages tend to lower when the supply of labor exceeds the demand; wages tend to rise when the supply of labor is insufficient to meet the demand.

6. The normal wage level of each country is determined by, and corresponds to, that country's general average per capita productivity of labor.

7. The more rapid the increase of physical capital used in an industry, the more rapidly do wages increase.

8. A plant or industry can continue payment of wages only so long as able to secure purchasers of its product at a price sufficient to meet wages and other production costs, and induce the continued investment of capital.

9. In any large group of workers there are differences of natural ability and capacity.

10. Wages tend to be received by individual workers in proportion to their differential ability.

11. When the individual worker believes his differential productive ability is recognized in the pay received, his effectiveness in cooperative effort is stimulated.

12. All other factors influencing production being constant, a decrease in the hours of work increases the leisure of the workers, and an increase in the hours of work increases the material standard of living of the workers, provided undue fatigue is avoided and reasonable time for recreation exists.

13. Thorough training of employees in-

creases their interest and effectiveness, and tends to reduce the amount of supervision required.

14. Under usual conditions, an average worker acquires skill rapidly during the first half of the training period, then more slowly for a time, if at all, and finally at a rapid rate until average proficiency is attained.

15. The total cost of training new workers in a plant is reduced or increased as the rate of labor turnover is reduced or increased.

16. Best results in securing economical production are secured by obtaining the willing cooperation of workers with management.

17. Responsibility of management for the execution of work must be accompanied by complete authority to control and direct the means for doing the work.

18. Wise leadership, enabled to function at its full efficiency is more essential to successful operation than extensive organization or perfect equipment.

19. The application of every individual law of employment relations must be so made that it contributes its proper share to the final satisfactory result, and the reaction of each law on every other law of employment relations and manufacturing management should be given proper consideration. By Noel Sargent. *Factory and Industrial Management*, Nov., 1930, p. 948:3.

### Industry Keeps 12 Per Cent More Men on Payroll Than It Needs

Employment statistics gathered from returned questionnaires reveal that improved marketing methods and other means of stabilization are more usual than rotating work. Firms paying a dismissal wage are: Walworth Co., Tidal Refining Co., Reliance Electric & Manufacturing Co., Central Electrotape Co., National Iron Co., Celluloid Corporation, Dennison Manufacturing Co., Detroit Majestic Products Corporation, American Blower Co.

Unemployment insurance is provided by Dennison, Barnsdall Oil Co. and General

Electric. Some plants reported as high as 50 per cent of their employed personnel engaged in maintenance and repair work,

in new construction and other forms of so-called non-productive labor. *Business Week*, Dec. 3, 1930, p. 7:3.

**Benefit Systems and Incentives:** *Pensions, Vacations, Profit Sharing, Wage Plans, Suggestions, Stock Ownership, Group Insurance.*

**For Group Insurance, see Insurance Section**

#### How to Get Employees Interested in Their Jobs

Those factors responsible for employees' interest are discussed: 1. Good working conditions; 2. Equitable wage administration plan; 3. Stabilization of employment; 4. Adequate dissemination of information with respect to policies and change of policies; 5. Employees represented in some form; 6. A knowledge that promotions are made within the company, if the employees are qualified; 7. Give employees responsibility; 8. Establishing objectives; 9. Accepting suggestions. By A. R. Mathieson. *Trained Men*, Winter, 1930, p. 132:2.

#### Out Goes the Suggestion Box!

The suggestion box went into discard when Yeomans Brothers Company adopted a plan of systematic cooperation between union and management similar to the famous plan in operation for years by the Baltimore and Ohio Railroad and the Canadian National Railways. The major benefits expected from this plan of conferences between representatives of the shop employees and the management are stabilization of employment, reduction of operating costs, improvement in detailed design and quality and better operating conditions. *Industrial Record*, November, 1930, p. 21:3.

#### Insurance Pensions and Savings Plans Utilized to Assist Employees

In a recent radio address, which opened the nation-wide radio education program on methods of protecting employees, launched by the President's Emergency Committee for Employment, Gerard Swope, the president of the General Electric Com-

pany, outlined that firm's system. It includes: a home ownership plan; the General Electric Employees Securities Corp., presenting to those active in the service of the company, an opportunity to buy company bonds paying 8 per cent; a pension plan which has, since its adoption in 1912, paid almost \$4,000,000 to employees; and a plan of unemployment pensions, loans and relief. This last plan was offered to the employees five years ago and was rejected by them; proposed again this year, it received immediate acceptance.

Fundamental in this new plan for relief are the following principles: 1. Joint and equal contributions by employees and the company; 2. Joint participation in the administration of the plan; 3. Aid through group action to those workers who are in need or require temporary loans, or who become unemployed, or for whom only part-time work is available; 4. In times of unemployment emergency, cooperation and assistance from those employees of the company not usually affected by unemployment, and assistance by the company in equal amount. The original provision that no employee was eligible for unemployment benefits under it unless he had made payments of one per cent for a period of six months has been modified in the light of the present emergency so that the payments of benefits were commenced December first. *United States Daily*, December 17, 1930.

#### Maintenance Incentives

The beneficial effects of wage incentive upon production operations have led to the application of incentive to maintenance activity. We are told that the results may

be successful and entirely satisfactory to both the worker and the employer; but only with careful time study and analysis, standardization, adequate compensation and control. The head of the Wage Incentive

Department, Procter and Gamble Companies describes the application of such incentives in that organization. By Stewart M. Lowry. *Factory and Industrial Management*, Dec., 1930, p. 1156:3.

## MARKETING MANAGEMENT

### Is Radio Television Ready?

A discussion of the immediate commercial possibilities of the young art based on present demonstrations. The writer concludes that radiovision is ready for the market, being no longer an experiment. Thus radiovision becomes an economic rather than a technical discussion. By Austin C. Lescarboursa. *Radio Industries*, December, 1930, p. 421:4.

### Do Gross Sales of no More Than \$500,000 Per Annum Warrant Expenditure for Research?

Gross sales, as a medium of measure of the size of a company, constitute the limiting factor in relation to the ability of a company to afford research. A general definite minimum limit is difficult to set since it is partly contingent on local conditions.

A tremendous volume of the research in progress, however, has for its objectives, and upon which its economic justification rests, only such humble goals as the lowering a few per cent at a time in material and process costs. Generally it has been found, however, that highly advantageous results have accrued, involving the development of new products or sweeping changes in process, in cases where well planned research projects have been initiated. *Bulletin of Bigelow, Kent, Willard and Company, Inc.*, December, 1930.

### The "Midget" Set Invades Radio

The sudden arrival of the midget in the radio market raises the question "Has radio manufacturing reached such standards of precision that a set can safely be merchandised as packaged goods?" Will

this small, low-priced set last on a basis of no service? By H. A. Haring. *Advertising & Selling*, Nov. 26, 1930, p. 17:3.

### The Four-Leaf Clover in Your Files

A plea for better analysis of sales records leading to the elimination of unprofitable accounts and concentration on channels which produce the volume of business. Sales figures should also be used to check advertising effort. The successful competitor must make quick and accurate decisions. For these he needs past and present facts and the trends which they indicate. A good system of recording and analyzing sales information is essential to the executive responsible for such decisions. By Percival White. *Sales Management*, Dec. 6, 1930, p. 378:2.

### Why We Are Specializing on Fewer Lines

The sales manager of Chandler and Farquhar Company (hardware distributor) says that adopting a one-firm-per-product policy has reduced inventories, increased turnover, saved clerical work and buyers' time and increased the efficiency of the salesmen. By Walter Currier. *Mill Supplies*, Dec., 1930, p. 20:2.

### Allocation of Selling and Administrative Costs to the Article of Sale

Application of distribution costs to the product sold is the main topic discussed in this paper. The business under consideration is one in which the application of these costs to products is a matter of vital information to the management. It explains why major emphasis is placed on



this form of application. Brief mention is also made of territorial application. By C. Howard Knapp. *N. A. C. A. Bulletin*, October 15, 1930, Section 1, page 289:16.

#### Marketing Lessons of the 1930 Census

Although the 1930 census is barely beyond the "preliminary figure" stage, it reveals a trend which effectually clarifies many aspects of distribution evolution, specifically the rapid concentration of population. A population map of the United States is shown and other statistics. By J. W. Millard and E. M. Rushmore. *Printers' Ink Monthly*, Dec., 1930, p. 36:3.

#### Getting Closer to Retailers While Selling Through Jobbers

Although Vimlite is distributed exclusively through jobbers, the New York Wire Cloth Company now knows who 90 per

cent of its dealers are. A plan for merchandising the product was developed and graphically portrayed to the jobber. A display rack for the counter was provided with folders and samples of the product. In two months 3,200 requests for the rack were received, each bearing the name and address of the dealer who was to use it. This list will be used in market analysis to determine localities not being covered. By E. B. Weiss. *Printers' Ink*, Nov. 20, 1930, p. 57:4.

#### A la Obvious Adams

The story of why and how the Coleman Lamp and Stove Company after three decades of successful manufacture and distribution of pressure gas appliances is now offering "the other half of the market" a line of household electric appliances. By Karl Kilby. *Printers' Ink Monthly*, Dec., 1930, p. 56:4.

#### Sales Promotion: Letters, House Organs, Advertising.

##### Preparing the Field for the Salesmen

The fourth of a series of articles on the general subject of organizing for sales points out that sales territories should be carefully studied in advance of salesmen's calls; bulletins, broadsides, and sales letters are recommended; local advertising has its definite place in preparation work. By Walter F. Wyman. *Marketing*, Dec., 1930, p. 279:2.

#### Selling Strategy That Rang Up Profits in 1930

Depression often strengthens the sinews of business. It leads business to take the only medicine that can really be depended upon in times of stress—a good stiff dose of salesmanship. One of the fundamentals of successful retail selling in 1930 has been the prompt reduction of prices to consumers following wholesale reductions. Striking proof that the public is becoming more value-minded, that it responds almost immediately when offered the right merchandise at the right price is found in the 1930 records of such companies as the

Great Atlantic and Pacific Tea Co., R. H. Macy & Co., John Wanamaker and others who have consistently increased their sales monthly in 1930 over the corresponding period in 1929.

Only merchandising preparation that accurately judges what the consumer wants—the kind of merchandise, the price, the presentation—can create the buying urge in a great many persons at the same time, thus creating mass demand, thus actually creating consumers who, yesterday and the day before, were not consumers.

Is it too much to suggest that producers might very well follow something of the same schedule and policy? By Alvin E. Dodd. *Sales Management*, December 13, 1930, p. 424:3.

#### Employees Who Serve and Sell

An account of the More and Better Business Campaign of the Public Service Company of Northern Illinois, which, in the little more than five years of its operation, has produced nearly \$2,500,000

worth of sales promoted by employees outside the Sales Department. By E. L. Taylor. *N. E. L. A. Bulletin*, December, 1930, p. 771:3.

#### Atwater Kent Shows Dealers How to Sell by Mail

A series of letters planned to go to names furnished to retailers by satisfied buyers. *Printers' Ink*, Nov. 27, 1930, p. 122:3.

#### Why Voluntary Chains Push Private Labels

Initially voluntary chains were little more than mutual buying groups. Thus came the two developments, wholesalers

owned by retailers and wholesalers who sponsor their group of retailers. That these groups would try private labels was rather obvious. As a result of the success consequent to this departure all the stronger voluntary chains now recognize the interest of retailers in a brand of their own. They see the benefits, direct and indirect, of a label that the stores can promote with full confidence that it will not suffer from competitive price cutting. Wholesalers understand the advantage of a private label as a fighting brand, and therefore the private label is actually featured and pushed at the present time considerably. By H. A. Haring. *Advertising & Selling*, December 10, 1930, p. 40.

#### Salesmen: Selection, Training, Compensation

##### Plans for Overcoming Price Objections

Many firms seem to be optimistic over the apparent reversion from the mad scramble for lower prices to a greater interest in quality. In a survey made on the subject of price the four methods that have received the majority endorsement for their effectiveness in helping salesmen to combat price objections are: 1. Bulletins to salesmen. 2. Sales manuals. 3. Dealer education. 4. Testimonial letters.

A two-page list of references to magazine articles and reports on the price objection problem is appended. *Report No. 332. The Dartnell Corporation. 27 pages.*

##### Putting Pep in the Shoe Sales Force

The personnel director of Wise Shoes, Inc., outlines the qualifications of a good manager, who should be a leader rather than a "boss" and says that this type of manager gets things done by suggestion rather than force. Mr. Beckman applies the usual methods of building cooperation and enthusiasm to shoe salesmen and says that an important part of the work of a successful manager is training his salesmen constructively on the job. By R. O. Beckman. *Boot and Shoe Recorder*, November 15, 1930, p. 30:3.

#### Salesmanship

##### What Is the Modern Salesman's Job?

A study of a new selling plan inaugurated by the General Foods Sales Co., Inc., after a very careful analysis of the food outlets of the United States, shows that this company has thoroughly and effectively answered the many questions receiving the serious consideration of executives as we swing into 1931. The company defines the salesman's job briefly and definitely: 1. Sell those products of the company not already stocked by the grocer;

2. Help the grocer sell more of the company's products he already has in stock; 3. Sell the company and its policies. From this definition it is apparent that he must be interested in two results—profitable distribution and profitable volume.

These require balanced judgment and sound thinking on the salesman's part. General Foods considers it the duty of every general Foods salesman to build confidence among its customers. It hires a high type of salesman, pays him a little more than is usually paid and looks upon

him strictly as the company's representative in his own territory. Based on an interview by C. B. Larrabee with Carl

Whiteman, Vice-President, General Foods Sales Company, Inc. *Printers' Ink*, Dec. 11, 1930, p. 3:4.

## Retailing

### Retail Distribution

Proceedings of the Boston Conference on Retail Distribution held September, 1930 include among other papers: "The Revolt of 'Mrs.' Consumer" by Mrs. Christine Frederick; "The Nation's Wealth and the Woman Spender" by Mrs. William Brown Meloney; "Rainy Day Dollars" by William T. Foster; "The Costs of Distribution" by Ernest Katz; "Digging Under the Surface for Distribution Costs" by Alexander Kaylin; "Executive Man Power in Distribution" by Alvin Dodd; "The Effect of Price-Fixing" by B. H. Namm; "The Problem of Personnel in Chain Stores" by Sidney Rabinovitz; "Merchandising to Meet Changes in Consumer Demand" by Paul H. Nystrom. 124 pages.

### Can the Chain be Eliminated from the Manufacturers' Plan of Distribution?

The tenth article in this series says that manufacturers cannot afford to pass up the ready made market offered by the chains.

The manufacturer will find it profitable before he visits headquarters to visit several of the chain stores and talk it over

with the chain-store manager, whom he will find a keen, analytical merchandise man. The chain-store manager will recognize instantly the merits or demerits of the product and will offer valuable suggestions, which will help the manufacturer to prepare a sound merchandising plan before he visits headquarters. By M. M. Zimmerman. *Printers' Ink*, Nov. 27, 1930, p. 112:5.

### Buy What Now?

A survey of department stores showed that while understocking is not universal, there is enough of it to warrant concern on the part of manufacturers and irritation on the part of consumers. By Pauline Arnold. *Advertising & Selling*, Nov. 26, 1930, p. 20:2.

### Anti-Chain Efforts Find Public Cold, Survey Shows

The anti-chain agitation has not driven customers from the chain stores when advantages of trading there were clearly apparent. Most of the flood of denunciation of chain stores has proved to be without foundation. By Rebekah B. Hoffman. *Chain Store Age*, Dec., 1930, p. 38:2.

## Wholesaling

### Definition of a Jobber

Seventy-three per cent of the members of the Candy Institute of Philadelphia have agreed on the following definition of a jobber:

a. only those merchants who carry, or are prepared financially to carry, an average stock of not less than \$2,500 in merchandise, and are either doing a business

or are prepared financially to do a business, of not less than \$25,000 a year, and  
b. further, those distributors or jobbers who so conduct their business that they solicit business from retailers outside of their store, either through their own efforts or through salesmen appointed by them, and are prepared to make delivery of merchandise at the store doors of customers, if the latter so desire. *Confectioners Journal*, December, 1930, p. 42:1.



## Industrial Marketing

### Industrial Selling Needs More Levers for the Control of Markets

Industrial marketers are sometimes handicapped by the very nature of their trade. The manufacturer who sells to industry is dependent on the activity of industry. If his customers are not buying for any reason, there is little that the industrial seller can do to make them buy. The most common way out of this difficulty is diversification. However, it is

not a cure-all. A better way for most industrial sellers to gain more accurate control of their markets is to select industrial customers who are themselves doing a good job in selling to the consumer field. America's reputation for superior selling ability is built on specialty selling. It is still easier and more profitable to specialize than it is to scatter one's energies over too many things. By Fowler Manning. *Class & Industrial Marketing*, Nov., 1930, p. 78:2.

## Survey of Books for Executives

**Secular Movements in Production and Prices.** By Simon S. Kuznets. Houghton Mifflin Co., Boston, 1930. 536 pages. \$3.50.

As I remember, it was Roosevelt who declined to wire a very brief statement on an important matter, but added that if satisfactory he would send one of several thousand words. There are many things that cannot be satisfactorily evaluated and disposed of in a few words. Kuznets' book is one of them. To evaluate it in a very general way is comparatively easy, it seems to me, and requires but few words. It is an exceedingly valuable contribution to the study of production and price movements, one that no student of such movements can afford to overlook. It is an indispensable reference book for business writers, forecasters and statisticians. It should be read by every statistically minded business executive, but the time when such a study will be read and assimilated by any large percentage of business executives is, I fear, still far ahead in the future. I thus evaluate the book, even though I believe the results obtained by the author are only approximately correct and in some instances not very close approximations. This, however, is really not the fault of the author. With the material

at hand and the methods available, he has done all that could be done. He makes no exaggerated claims. In fact on page 53, he tells us the hypotheses developed must be taken with a great deal of caution. He goes on to explain why, but does not in my opinion give the weight that they merit to some of the factors that seem to controvert his hypotheses. The Gompertz curve or parabolas fitted to time series are of course only empirical. "The determination of the true or ideal trend is not possible," as Carl Snyder points out in his "Business Cycles and Business Measurements." Kuznets' volume will naturally be compared with that part of Carl Snyder's book which treats of the same matters. Every reader will gain by making such a comparison.

The fact that industry and business are dynamic and not static is stressed by the author. This needs constant emphasis to "put it over," to "sell it" to business men and writers on business. In an admirable article in the *Economic Review* for September, 1930, he has amplified his argument.

Because of the fact that when a secular trend of a time series is made to cover a period so long as that from 1800 to 1930, a period which has been interrupted by

great wars that demoralize industry and change the character of the factors determining the rates of growth, I would prefer that the secular trends of time series be limited in each case to the years between the great wars—1814-1861, 1866-1914. After every great war, there comes a long continued decline in prices, followed by a sharp rise to a peak at or near the end of the next great war. The determination of primary trends for these periods since 1814 both in prices and production it seems to me would be most helpful. The author has thus limited the data in some cases.

Assuming, as we may safely do, that the primary trend lines are close approximations to the actual, then the value of the secondary variations as charted is not likely to be under-estimated by students and users of the book. It is a great boon to have at hand in one volume so much reliable information. One marvels at the great amount of painstaking work that must have gone into the making of it as well as at the accurate, ready scholarship always in evidence.

The writer gives four reasons for the rate of the decline in an industry's growth. His basic hypothesis is that after a sufficient length of time has elapsed, a retardation of growth in an industry begins, chiefly because of the slowing down of technical progress in this particular industry, and that now "there is little prospect for important technical innovations except in the field of raw materials." His general statement that the industrial arts in their technical aspect are gradually approaching stable forms, I believe, is too dogmatic and too comprehensive. With almost as much seeming justification, similar statements could have been made in many other periods of the world's history from the Stone Age to the present. I believe that the future is likely to bring as great technical changes in the industrial arts as the past has seen. Perhaps Mr. Kuznets does, too, but I do not so understand him. The secular trends considered deal with a very comparatively short period of time and we cannot, as I look at it, make generaliza-

tions such as we might for instance in studying secular trends in industry in an Empire like the Roman which rose and fell, the story of which has begun and ended.

Probably the most important part of the book is the excellent study of the influence of the rate of growth upon the amplitude of secondary secular movements. Secular movements are segregated from cyclical oscillations and the influence of these secular movements on the cyclical oscillations is studied statistically to discover the existence or absence of correlation between the rapidity of secular growth and the amplitude of cyclical oscillation. This last sentence is almost an exact quotation from the book and gives some idea of its style and diction.

Chapter III which presents the statistical data will be most valuable for future reference. I was greatly disappointed to find in the chapters bearing upon cycles but two short paragraphs devoted to the dependence of an industry upon the common loan fund and no discussion of the theory that swings in money rates forecast short cyclical swings such as the present depression. The fact that since the world war every short cyclical fluctuation has been forecast many months in advance by movements in money rates reversed would seem to be of sufficient importance to have come to Mr. Kuznets' attention. If such forecasts have actually been published (as they have been) many months in advance of the turn, it would seem that fluctuations in the volume of loanable funds have a very important bearing upon cycles.

The book is really fascinating to those who "enjoy this sort of thing." I have wondered, as I have studied it, if clearness and accuracy could not have been attained without the constant use of technical terms and thus have widened the field for and increased the influence of the book. Science seems to differ from industry. As it grows older, it becomes more technical.

JOHN G. THOMPSON,  
*Assistant to President,  
Simonds Saw and Steel Co.*

**Group Incentives.** By C. C. Balderston, Ph.D. University of Pennsylvania Press, Philadelphia, 1930. 171 pages. \$2.50.

The growing number of those interested in group incentives will find this book very informative. It gives advantages claimed for group incentives, difficulties encountered in their installation and use, and social effects of the plan. Factors determining the composition of the group are dealt with and names of companies and departments where this type of compensation is successfully used are given. A chapter is devoted to the basis for extra compensation and followed by one on determination and distribution of group earnings. The necessity for the protection of employees is stressed. The relation of group incentives to other devices of management is presented, as are also results obtained in certain companies, sample announcements of plans to employees, and digests of typical plans. A good bibliography is also included.

**Personnel Management.** By Col. Robert I. Rees. Alexander Hamilton Institute, New York, 1930. 343 pages.

This is one of the most comprehensive yet brief treatments of personnel administration yet in existence—the fruit of ripe experience, sound organization theory, and practical applications.

It bears the marks of a catholicity of reading and understanding in many related fields including government psychology and the other social sciences as well as business organization in general.

Ten years ago this book could not have been and certainly would not have been written as it has. New viewpoints on training, on selection and job analysis, on budgeting for the personnel department as well as budgeting personnel requirements, on employee representation, on leadership, on thrift, and on "The Broad Outlook" remind one of the progress that has been made since the last depression to shake the flaws out of personnel work and to

place it on a sound economic as well as a sound psychological and sound organization basis.

Here and there one finds concessions to past thinking but with the most up-to-date viewpoint nevertheless clearly stated usually in juxtaposition but always at some point in the treatise.

One can only hope for a more extended and more easily available volume from the same author.

W. J. DONALD.

**Standard Costs—Installation, Operation and Use.** By G. Charter Harrison. Ronald Press, New York, 1930. 308 pages. \$5.00.

This book will serve as a reference manual to experienced cost accountants and executives and in addition will be a very fine manual for students.

In the preface of the book it is claimed that the book was "written to provide a complete manual of accepted practice in regard to standard costs, for checking actual costs against pre-estimates and for determining the causes of variations." The author sets out the inadvisability of attempting to install a system of standard costs where all producing labor is performed on a day's work basis, because there is greater possibility in production of an incentive plan which should be followed by the establishing of piece work rates or standard time used in the incentive plan. This would then form the basis for standard costs.

The chapters in which charts are shown and in which formulas are explained are very clearly presented, and the short cuts suggested for use by accountants or executives are well described. These features will undoubtedly prove of decided interest to all who are actually interested in the establishing of standard costs or in the question of determining whether they are interested in making a preliminary survey as to the benefits of standard costs.

It is definitely explained that standard costs are defined as representing the ap-



plication of the principle of exceptions to cost accounting with the ideal factory performing all producing operations by piece work and where all materials were issued according to specifications.

Accountants and executives must have a clear understanding of shop methods and possibilities which are described as having an engineering viewpoint.

There is no doubt that the book will be well used as a manual and reference book.

R. W. W.

**Writing Letters.** By Charles G. Reigner. H. M. Rowe Co., Baltimore, Md., 1930. 173 pages. \$1.30.

Various types of letters, business and social, are discussed, and instruction given in correct form and effective wording. Vocabulary building receives due attention. General information is given as to mailing, rates, etc., and appendices to the text list various titles and degrees one is apt to encounter or use in letter writing.

**Banking Ratios.** By Horace Secrist. Stanford University Press, Stanford University, Cal., 1930. 608 pages. \$10.00.

The alarming series of bank failures in United States during the decade 1920-1930 has galvanized bankers into searching for standards and norms with which to gauge the efficiency of operation of the individual commercial bank. Growing competition from a miscellany of financial institutions as well as from branch and group banking systems has furnished additional reasons for seeking and interpreting the facts concerning commercial bank operations.

This book of Dr. Secrist, formerly Professor of Economics and Statistics, and Director of the Bureau of Business Research of Northwestern University, is a disinterested piece of research work for the purpose of determining and measuring the outcome of bank operations. Its inspiring purpose was to "supply standards by which bankers are able to appraise past policies and thoughtfully to determine those of the future."

As stated in the introduction, the study summarizes the standards and interrelations of bank operation for national banks, by cities, for the country generally, and for member banks in the Twelfth Federal Reserve District, particularly those in California. The only ratios whose meaning and significance concern Dr. Secrist are the following:

Loans and Discounts to Earning Assets.  
Total Deposits to Earning Assets.  
Demand and Time Deposits to Earning Assets.  
Demand and Time Deposits to Total Deposits.  
Gross Earnings to Earning Assets.  
Total Expense to Earning Assets and to Gross Earnings.  
Net Earnings to Earning Assets and to Gross Earnings.

The text consumes 378 pages while the appendix contains 209 pages more. Throughout the text and appendix there are intelligently interspersed 223 separate tables and 119 charts. The use of the book is facilitated by a detailed 15-page index.

FRANK PARKER, *Professor of Finance,*  
*Wharton School of Finance and*  
*Commerce, University of Pennsylvania*

**Cooperative Retail Buying Associations.** By Wilford L. White. McGraw-Hill Book Co., New York, 1930. 207 pages.

These two questions are dealt with in this book: To what extent do cooperative retail buying associations perform certain definite functions more economically than does the service wholesaler in the same field? To what extent do they force other institutions, such as the manufacturer, the service wholesaler, or the retail member, to assume such performance and the accompanying expenses? A history of these associations is given, their causes and present strength, comparative costs of doing business, also their problems of selling, credit, delivery, buying, storage, organization, management, location, and cooperation. There are concluding chapters on the

present status and future of these associations. Appendices include: Cooperative Distributive Efforts Excluded from This Study; Association Advertising; United Consumers, Inc.; Independent Grocers Alliance of America; Contract Used by One Contract Wholesaler; Index of Wholesale Food Prices and Cooperative Associations; Competitive Conditions in the Drug and Grocery Trades; Reasons for Joining a Cooperative Association; Weaknesses of Cooperative Associations; Advantages of Cooperative Associations; Reasons for Not Buying All Merchandise from Associations.

**Coördinated Motor - Rail - Steamship Transportation.** By G. Lloyd Wilson. D. Appleton & Co., New York, 1930. 228 pages. \$3.50.

The author of "Traffic Management" discusses thoughtfully a plan for a national, privately owned, publicly regulated system of transportation which would utilize each agency of transportation in the services to which it is especially fitted and for which it is most economical and efficient, thereby best serving the interests of producers and consumers of transportation. Dr. Wilson describes what has been done in the United States toward this end, what are the results and what are the future objectives and possibilities.

**What's Wrong with Unemployment Insurance?** By Ronald C. Davison. Longmans, Green and Co., New York, 1930. 73 pages. \$1.00.

This little book, published in Great Britain, traces the course of their unemployment insurance policy to 1930. It discusses the possible methods of dealing with the applicants who are ineligible for ordinary Insurance Benefit and states the case for using the services of the new Public Assistance Authorities. It also suggests reforms in the unemployment insurance scheme, restoring the ratio and protecting the insurance fund.

**Business Letters—Their Preparation and Use.** By Henry A. Burd and Charles J. Miller. McGraw-Hill Book Co., New York, 1930. 490 pages. \$4.00.

I like this book for the only reason I could like any book of this kind—its common sense practicality that gives me something which equips me a bit better to do the day's work. Any one may read it with pleasure and profit. It is admirably arranged. Step by step the way to better letters is revealed in an ever stimulating fashion. The authors know how to get their ideas over. They have a knack of taking an idea or a principle, holding it up so that it stands out revealed in all its business aspects, and then they show you how to develop the idea, how to apply the principle, each in its fullest strength.

And the book is complete. The authors have covered every phase of the subject. I have been struck by the vastness of this volume. Without success, I rather maliciously spent considerable time deliberately trying to find something left out. You know business men never feel quite so smug as they do when they can roll under the tongue those delicious words, "It's all right but for just one thing." Well, I enjoyed no such consolation, for every time I tested the index it produced.

The beginner certainly ought to read this book. It will keep him from falling victim to a multitude of bad habits that have become deeply set into our business regimen by the sponge-minded who absorb from letters belonging to the goose quill age and have faithfully reproduced in words and phrases so far removed from simple, conversational, understandable words that they are ludicrous, if not a bit silly. The "Old-Timer" ought to read this book. It will stir up mental processes long lying dormant. It will put a new zest into the day's work. Then those who are already "good" should read this book, because it will make them better. From its pages will spring new ideas—fresh, vigorous, alive—ideas—the priceless ingredient of every letter written acceptably well.

Even aside from letter-writing, here is a book worth reading, for it is a deep study into the everyday humanics of this workaday world. It will reveal the way not only how to write effectively, but also how to get along with those with whom we come into contact. Of the two books, the "how to get along" is the most important. So here is a book that is exceptionally rich in its by-product. Somehow or other that is the way I like to judge a book. The by-product of this book is in heaping measure.

SHERMAN PERRY,  
Director of Sales,

*The Crystal Tissue Company.*

#### **The Way to More Productive Selling.**

By Charles C. Casey. McGraw-Hill Book Co., New York, 1929. 157 pages.

Obviously, the experiences are drawn from a background of specialty selling. Mr. Casey's expression "master-selling" or more correctly "master-salesman" means one who brings to his work the same skill, productiveness and spirit that the master craftsmen of industry or science apply to their work.

"Master-selling" is defined as the grasp and application of:

Preparation  
Unselfishness  
Expectation

"Preparation," as defined by Mr. Casey, means learning what the line is, and what it does for buyers.

"Unselfishness" is defined as desire to aid the prospect—this desire on the salesman's part being stronger than craving for order or commission.

"Expectation" is defined as that quality and quantity of expectancy resulting from effort necessary to learn the application of his proposition to the needs of his prospect, plus putting himself in the prospect's own position, and putting the emphasis on what the prospect will get, rather than upon the order itself.

The remainder of the book is given over to the importance of hard work; small territory intensively cultivated; effective time

planning; loyalty to House; the selling approach; place of questions; and commission plan of compensation. Use of "Specific Instances" is very good throughout. The chapter on "The Selling Approach" is excellent.

Everything covered by Mr. Casey appealed to me as being part of the way to more productive selling. I liked his book. Yet, I would have preferred a little different treatment of two fundamentals. Each was employed throughout, yet curiously enough neither was specifically named. These are "Pre-approach" and "Motivated Selling."

If I were to lecture on Mr. Casey's book I would regroup the material somewhat like this:

Service Viewpoint  
Preparation  
Pre-approach

His point of view is absolutely O. K. Yet I think "Service Viewpoint" must precede "Preparation" since it colors all knowledge gathered in for present and future use. "Preparation" appeals to me as the absorption of knowledge in anticipation of service to be rendered. "Pre-approach" is planning the use of one's knowledge toward the end that it be of special value to the prospect.

Sound "Pre-approach" must include proper motivation of "The Approach," "Presentation" and "Favorable Close." "Pre-Approach" surely defines the "Expectation" as that term is used by Mr. Casey. Perhaps "The way to more productive selling" would be more readily grasped, and its many sound suggestions more surely applied by readers if "Pre-Approach" and "Motivation" were more obvious in terminology and treatment.

You may not agree with Mr. Casey on several points. Yet each point he makes is well supported by a fitting specific instance. "The Way to More Productive Selling" is readable. It provokes thought.

MARTIN J. WOLF, Marketing Manager,  
Beardslee Chandler Manufacturing  
Company.